

HEBER CREEPER, INC.  
P.O. Box 69  
Heber City, Utah 84032  
Telephone (801) 654-2621

NOTICE

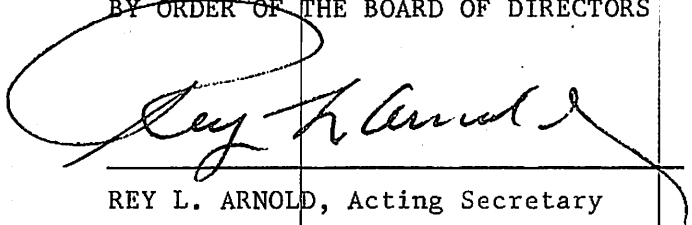
ANNUAL STOCKHOLDERS MEETING

The Annual Meeting of the Stockholders of Heber Creeper, Inc., will be held on Saturday, April 13, 1974 at 1:00 P.M. at the residence of Lowe Ashton, 87 North 300 East, Heber City, Utah with the following agenda:

1. Roll call
2. Proof of notice of meeting or waiver of notice.
3. Reading minutes of preceding meeting.
4. Reports of Officers.
5. Reports of Committees.
6. Election of Inspectors of Election.
7. Election of Directors
8. Unfinished business.
9. New Business.

If you are unable to be present in person or to be otherwise represented, you are respectfully requested to execute the enclosed proxy specifically designating whomsoever you may wish to vote in your behalf, and return at your earliest convenience.

BY ORDER OF THE BOARD OF DIRECTORS



REY L. ARNOLD, Acting Secretary

STOCKHOLDERS PROXY FOR ANNUAL MEETING  
HEBER CREEPER, INC.

Number of Shares \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints \_\_\_\_\_, Attorney or Agent with power of substitution to vote at the Annual Stockholders Meeting of the Company, to be held at the residence of Lowe Ashton, 87 North 300 East, Heber City, Utah, Saturday April 13, 1974 and at any adjournment(s) thereof, according to the number of votes that the undersigned would be entitled to vote if then personally present.

Witness the hand of the undersigned this \_\_\_\_\_ day of \_\_\_\_\_, one thousand nine hundred and seventy four.

(Sign here) \_\_\_\_\_

(Also please print your name so it can be accurately checked against the stockholders list.

\_\_\_\_\_

April 1, 1974

ANNUAL NEWSLETTER TO STOCKHOLDERS

Review of 1973:

The 1973 season failed to meet our projections for a number of reasons:

1. Undoubtedly the fact that there was no tram operating at Bridal Veil created an adverse image and detracted from our gross receipts.

2. Derailments and other mechanical problems created expenditures which were not included in budget figures.

3. The failure of the two-train concept because of mechanical problems left us with a rather stiff price increase for the remainder of the season. This, in all probability, hurt total gross revenues.

4. The gas crunch definitely had an adverse impact on out-of-state patronage. The psychological effect on Utahns -- real shortage or not-- created a detrimental effect on gross receipts.

5. Adverse weather conditions during the 1973 season caused the most dramatic downturn in projected revenue. In 1973, 46% of our operating days were plagued with an adverse weather factor compared to 12% in 1972.

6. Capital and lease improvements in excess of \$70,000.00 hurt cash flow as well as an operating loss of \$20,000.00 offset by only \$19,000.00 in depreciation and other non-cash expense items.

The net result was a financial condition by November, 1973 which could only be described as dismal. After careful consideration, the Board of Directors determined that it was in the best interest of the Company to borrow additional short term funds for operating capital until the 1974 season could get underway and continue to explore means of raising additional capital for operating and expansion needs.

During the winter of 1973-74, a program of work-for-stock was devised and implemented which enabled the much needed mechanical work on rolling stock to get underway with minimum cash flow. Members of the Museum and others showed a willingness, inventiveness, and capability of accomplishing a great deal under this program. They have, indeed, "saved our bacon" and are to be individually and collectively commended. Among the projects underway on this program are:

1. Turning and flanging the wheels on #35.
2. Repairing and replacing the eccentric on the Shay.
3. Rebuilding the damaged speeder.

4. Supplying steam to the diner and lounge.
5. Spring track work.
6. Installing radio communications equipment.
7. Installing engines to drive generating equipment under the diner and lounge.

Plans for 1974:

Call it eternal optimism, the magic of steam, the enthusiasm of youth, or what you will, but the 1974 season looks VERY VERY PROMISING.

Our season will begin with school charters in April and May. Weekend scheduled runs will commence Mothers Day. Daily operations are scheduled for Memorial Day through Labor Day. Weekend runs will extend from Labor Day through October 6, 1974.

Our schedule for the 1974 season will be as follows:

Depart Heber 11:00 a.m.	Arrive Bridal Veil 12:45 p.m.
Depart Beidal Veil 1:15 p.m.	Arrive Heber 2:30 p.m.
Depart Heber 3:15 p.m.	Arrive Bridal Veil 4:45 p.m.
* Depart Bridal Veil 5:15 p.m.	Arrive Heber 6:30 p.m.

\* One Way Only

In addition, our special Night Train will depart Heber each Friday and Saturday at 7:30 p.m. for a trip to Deer Creek and return.

Fares for 1974 will be:

Adults Round Trip (over 12 years)	\$ 5.00
Child Round Trip (2 to 12)	\$ 2.50
Adult one way	\$ 3.25
Child one way	\$ 1.75

Babes in arms free

Our promotional efforts for the 1974 season -- in part dictated by the continuing energy crunch-- will be directed to the Wasatch Front. It is our feeling that this mass of population is still employed, still has money, and is looking for a recreational outlet. We feel this group will not attempt the Disneyland or Yellowstone trip this summer because of their fear of gas shortages and high prices. We hope to expose Heber Valley in its entirety to this group with such themes as : "We're only a quarter tank away", "There is a lot to do in Heber Valley."

The following list summarizes some of our excitement for 1974:

1. On each 11:00 a.m. departure from Heber City we will have a diner car. It will feature a "Swiss Steak" type of luncheon menu.

The fare, we feel will be attractive. \$8.00 for train trip and meal. The diner will be run by a concessionaire, Del Wallengren. If demand indicates, the diner can be added to the 3:15 p.m. train. Lunch on the diner will be by reservation. We expect to turn the entire 48 seats over at least once and possibly more during the round trip.

2. Closely related to the day diner will be our all new "Night Train." The Night Train will feature a lounge car in addition to the diner. Initial steps to secure a package liquor and beer license are underway. Initially, the Night Train will be scheduled for a 7:30 p.m. departure each Friday and Saturday. Hopefully, demand will dictate many more runs each week. The ex-U.P. diner will be brought into service and one of our hospital cars is being renovated to become the lounge. The Concessionaire, Del Wallengren, is sharing costs with the Creeper by completely decorating and furnishing the lounge. A mutually acceptable contract between the Creeper and Del has been drafted. The Night Train will feature an outstanding menu of steak or roast prime. Two or three turnovers should be possible on the romantic cruise to Deer Creek and return. Seating will be by reservation on this moonlight special.

3. Based on our very favorable experience with the AG-Foodtown promotion late in the 1973 season, we have attempted to expand this type of promotion for 1974.

a. During the month of June, AG-Foodtown will expend between \$10 and \$15 thousand dollars in media coverage promoting the Heber Creeper. AG will distribute 20,000 discount tickets for Creeper rides through their 105 locations.

b. During the month of July, Zion motors will spend a similar amount in media coverage (primarily television) advertising a free ride on the Creeper for taking a test drive in a Zion Motors car.

c. During August, Meadow Gold will promote the Creeper by advertising to save 5 Meadow Gold shields for a free ride on the Creeper.

These types of promotion cost the Creeper relatively little and offer media exposure that our limited budget just simply cannot stand. Preliminary contacts for similar promotions have been made with Dee's and with European Health Spa.

4. School charters in April and May which have been somewhat of a hit or miss proposition in the past offer some promise of additional revenue. Through a program of personal contact with Superintendents requesting permission to contact principals with an offer of an educational/fun tour on the Creeper, have already booked 16 days of charters for April and May. Because of the energy crunch we guaranteed to sell them fuel for their busses in Heber to save their sometimes scarce allotments. In subsequent years, assuming the program works out well for us, we should be able to book part of April and the entire month of May.

5. Bridal Veil Falls became available for purchase during January of this year. In spite of the fact that the tram could not be made operational for less than \$20-25,000, the Board of Directors felt that for the sake of image alone, it would be advantageous for us to attempt to lease it for the season with an option to purchase. At this writing, negotiations are underway. It is about 90% certain that we will be operating it this season with at least a ticket office, a gift shop, and a concession stand. Our projections indicate we should be able to at least break even on this operation and with some luck, turn a profit. At the very least, we know we can develop our southern terminal to compliment our train, increase patronage from the south, have the flexibility of holding charter parties there, and eliminate complaints about the Bridal Veil Falls rest rooms.

6. We currently have a new four-color brochure under way. With some excellent art work and a pitch that there is a lot to do in Heber, it should provide a good backbone to our promotional and advertising program. We plan distribution through some 150 outlets in motels, car rentals, etc., of about 25,000 during June, July and August through Certified Folder Distribution. In addition, Chambers of Commerce, Tourist Information Stops, and the Utah Travel Council and its affiliates will assist in the distribution.

7. In cooperation with the Wasatch Chamber of Commerce, we are exploring a number of possibilities to give the Creeper greater exposure.

a. We are working with the Chamber to attempt to raise some matching funds to utilize some \$2,000 in Mountainland funds earmarked for media exposure. In both newspaper and electronic media, the Creeper should get good exposure through this source.

b. The Chamber is currently considering sharing costs of production and distribution of a stuffer including our timetable for use in conjunction with our four-color brochure.

c. In cooperation with the Chamber, we are attempting to have the attractive highway signs on either end of the Valley re-erected.

d. We expect to pitch the Chamber on the possibility of having them sponsor a Grand Opening Chamber of Commerce/Press Day tentatively set for May 24, 1974.

8. Through cooperation with Mountainlands and the Travel Council, we expect some good exposure through their billboard program. In addition, the Creeper is prominent among the package tours being promoted in nine markets outside the State. We expect to host some 500 travel agents being funneled into our area during May and June in connection with this package tour program.

9. In cooperation with Mr. Eli Gourdin of Tour West, we expect some excellent exposure and results in the package tour business. Mr. Gourdin will be promoting the Creeper in virtually every Motel in Salt Lake and Utah County.

10. We are currently displayed prominently in the Deseret Federal Savings magazine, Compass for the April, May and June quarter. In this issue, we have a discount ticket in the local section of the publication. In the July, August and September issue, we will be featured with a story and photographs in the national section of Compass.

11. Preliminary contact with promotional people at Trolley Square promises some good exposure on a trade basis in their information center and on their new double-decker bus scheduled to run between Temple Square and Trolley Square on an hourly basis. We have been given some indication that we can expect some convention business through the informal convention bureau at the Square.

12. Mr. Glen Overton of the Provo Holiday Inn is attempting to package Provo River runs with a ride on the Creeper which could result in increased business for us.

13. We are currently developing a program of telephone solicitation, personal contact, and direct mail to stimulate the group and charter business. We expect to feature business meetings on the train, group rides and full charter runs outside our scheduled runs. Use of the diner promises to add considerable interest to our group outing efforts.

14. We have recently implemented some business control systems designed to tie down some loose ends and reduce expenses:

a. We have implemented a petty cash/purchase order system designed to control more closely those individuals authorized to expend company funds. Inherent in the system is a control on purchasing at the best price, in the most economical volume, and with the best vendor.

b. We have devised a new payroll/time card system to focus on a more realistic breakout of payroll charges. The key is daily approval of time charged by all lead or supervisory personnel.

15. For the 1974 season, the Creeper will be operating with a few personnel changes. Mr. Ed McLaughlin has moved to Texas to work on the development of a State Park Scenic Railroad. Mr. Dennis Spendlove has gone to work for the D & RG. Mr. Rey Arnold has been hired as General Manager. A letter to former employees indicates most will be returning. At this writing, the major personnel vacancy appears to be the lead-man on the track crew. A new organizational structure has been developed which promises closer control of our growing operation.

16. Contacts with Park Superintendent, M. L. VanRoosendal of the Wasatch Mountain State Park promises continued close cooperation and progress with our lease of right of way.

17. Jim Berry, of the Utah Travel Council, continues to be our friend and is negotiating the trade of our 2 spot engine for an excellent engine now on static display at Corinne.

18. The Creeper will be operating the Ice Cream Parlor during the 1974 season. We are terminating our agreement with the Lagoon Corporation. Menu and approach will be similar to the past. We will, however, be carrying a small gift shop type of inventory on this car this year.

May I close by adding a personal comment of optimism for the future. The most positive factor in our immediate future has been the addition of Rey Arnold as General Manager. His background of corporation finance, management trouble shooting, insurance, business expansion and accounting procedures coupled with his knowledge and love for Heber Valley, gives us a real shot in the arm at a time that we need it. He has already demonstrated his ability by developing more days of firm business for April and May than we have had previously for the total of the previous two years. While this business is not relatively high profit, it does give us needed dollars way in advance of our normal season and allows us to extend our season for 30 more days.

The second factor is the fact that much of our large expenditures have been made. We now have our engine house, the engines and cars are in good shape and we have an adequate inventory of tires and track to supply our immediate needs through the coming season.

Thirdly, the petroleum scarcity is almost over and if there is an impact, it will be in the fact that our state's local population will be hesitant about leaving the state, but will be aware that there is plenty of gasoline here. If we have a good season weatherwise, this should be the year of profit.

The Eternal Optimist,



LOWE ASHTON